

Interim report 1 January-31 March 2012

C-RAD AB (publ)

Key events during first quarter

- Sales for the period were 2,5 MSEK (5,7 MSEK)
- EBITA of -6,6 MSEK (-3,2 MSEK)
- Loss after tax of -7,2 MSEK (-5,2 MSEK)
- Order back log of 19,2 MSEK (9,6 MSEK)
- Bookings of 9,7 MSEK (5,8 MSEK)
- Earnings per share after tax of -2,68 SEK (- 0,80 SEK)
- Equity ratio of 61 % (72 %)
- Cash of 15,8 MSEK (11,8 MSEK)
- Numbers of employees were 20 (20)
- IBA Dosimetry has for 2012 placed a frame order of 6,1 MSEK to C-RAD Imaging AB for deliveries of diod detectors for use in dosimetry
- Elekta in China has placed two orders of Sentinel systems
- A new cooperation agreement has been signed with Uppsala Academic Hospital
- C-RAD has received FDA clearance for its new Catalyst system
- Interfaces for communication with Varian accelerators have been released
- The C-RAD Sentinel system is available with interfaces to three major CT vendors

Key events after the close of the reporting period

- An order of two Catalyst systems to the radiation therapy centre in Sundsvall, Sweden
- C-RAD has started a sales company in Germany
- A great interest for the C-RAD product program at the ESTRO meeting in Barcelona

Comments by Erik Hedlund, president of C-RAD AB.

“Beginning of the year C-RAD announced FDA clearance for its new Catalyst system and at the same time that interfaces to Varian accelerators had been validated and released. The Sentinel system is now available with interfaces to three of the main vendors of CT systems. FDA clearance and approved interfaces is a condition for C-RAD in order to develop its position in advanced radiation therapy.

Bookings are normally slow beginning of the year. We are happy to announce a number of important orders.

Due to delay of installations invoicing has been low. It is usually a delay of up to 12 months between booking and invoicing. As a consequence the order back log has increased to 19,2, MSEK. The main part will be invoiced in 2012.

C-RAD is working on a large number of projects, which in short term will be realized. We are positive about the growth of bookings and invoicing in 2012.”

C-RAD AB (publ)**Interim report****1 January- 31 March 2012**

Figures in brackets refer to the same period of last year.

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report for the period 1 January – 31 March 2012.

The company

C-RAD is developing new innovative solutions for use in radiation therapy. The group is offering products and systems for positioning, imaging and radiation therapy of the patient. End users are radiation therapy clinics all over the world.

The product developments are taking place in the fully owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB and C-RAD Innovation AB. C-RAD Imaging AB is located in the city of Östersund. The other companies are located in Uppsala. The fully owned subsidiary C-RAD Incorporated, located in Florida, is a sales company with focus mainly on the North American market. No product development is being performed in the American subsidiary. The number of employees at present is 20.

The activities of C-RAD AB are originating from developments at Karolinska Institute and the Royal School of Technology in Stockholm. They were outsourced from 2001 to 2004.

The class B shares of the Parent Company C-RAD AB have since July 2007 been traded at Aktietorget. 8 March 2010 trade of the C-RAD B- shares have been moved to NASDAQ OMX First North Premier. Mangold Fondkommission has been appointed as Certified Advisor of C-RAD.

Key events during first quarter

- IBA has placed a frame order for deliveries in 2012 of 1835 detectors to a value of 6, 1 MSEK. Compared to the frame order of 2011 this means an increase of +27 %.
A new detector chip with improved technical data has been developed. Deliveries with the new chip will start in Q2 2012.
- C.RAD has from Elekta in China received orders of two Sentinel systems. The Sentinel systems will be delivered together with the Elekta Axesse system and deliver correction data to the Elekta Hexapod Evo couch.
After approval Elekta China has decided to include the Sentinel system as a standard product, together with the Elekta Axesse system.
- A new cooperation agreement has been signed with Uppsala Akademiska Sjukhuset. All the C-RAD product areas will be part of the agreement. Clinical evaluation and testing will be a major part of the cooperation. New functionalities will be developed together with Akademiska Sjukhuset.
- The new C-RAD Catalyst system has received clearance by Food and Drug Administration in the US for use in positioning, motion detection and respiratory gating. Sales activities on the important US market have been started.
- After validation with the Varian MMI interface communication with the C-RAD Catalyst system has been approved and released. The Catalyst system can now to Varian customers be offered with full functionality for auto set up and respiratory gating.
- C-RAD has developed an interface for communication with Toshiba CT systems and Sentinel. Since before interfaces to Philips and Siemens are available. The Sentinel system can be used for so called 4DCT applications where the respiratory motions are being monitored during the data acquisition by the computer tomograph.

Key events after the close of the reporting period

- C-RAD has received an order of two Catalyst systems from the regional hospital in Sundsvall, Sweden. The systems will be equipped with functionality for positioning and communication with the Elekta Mosaic system.
- C-RAD has decided to start a subsidiary in Germany located in Berlin. Peer Koltermann will be in charge of the C-RAD sales activities in the German speaking countries. Peer Koltermann has been working many years in radiation therapy and with direct sales both in Germany and in the United States.
- There was a great interest for the C-RAD product program at the annual ESTRO meeting in Barcelona. C-RAD showed separate set ups for positioning, motion detection with respiratory gating and 4DCT. The GEMini ED system was also exhibited.

Financial performance during January- March 2012

The Group's net sales amounted to kSEK 2 528 (5 656), during first quarter 2012.

Gross profit reached kSEK -7 038(- 5 038), an impairment compared to the same period last year continuous extensive market investments. Operating profit first quarter amount to -7 172 kSEK (- 5 157).

The subsidiary C-RAD Positioning AB has during this quarter made amortizations on R&D expenses amounting to kSEK 1 132 (710).

Work performed by the Group for its own use and capitalized amounted to kSEK 173 (1 347) during first quarter 2012. The Group's investment in capitalized development expenses totaled 17 153 (38 063) kSEK.

The Group's cash and cash equivalents at 31 March 2012 totaled kSEK 15 811 (11 801). Cash flow for the period was -8 790 (- 7 574) kSEK.

Personnel

The number of employees at 31 March 2012 totaled 20 (20).

Transactions to related parties

ScandiFlash AB has been appointed as the manufacturer of C-RAD Sentinel™ and LAP Galaxy. ScandiFlash AB is fulfilling the high quality requirements to manufacture the hardware of the systems. Erik Hedlund, President of C-RAD AB, is holding 30 % of the shares of ScandiFlash AB.

Risk and uncertainty factors

The Group's capitalized development expenditures amount to 17 MSEK. Should these investments fail in part or in full, C-RAD may be forced to recognize an impairment loss on all or parts of the projects.

Consolidated Income statements

(Amount in kSEK)	2012	2011	2011	2010
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
Operating income				
Net sales	2 528	5 656	14 910	14 235
Work performed by the company for its own use and capitalized	172	1 347	5 825	7 118
Other operating incomes	17	0	3	91
Operating expenses				
Raw materials and consumables	-1 798	-3 270	- 8 042	- 6 003
Other external costs	-2 401	-2 575	- 12 101	- 7 837
Personnel costs	-4 334	-4 226	-16 808	-13 843
Depreciations	-1 181	-1 871	-25 584	-3 103
Other operating expenses	-40	-99	-307	-78
Operating loss	-7 037	-5 038	-42 104	-9 420
Financial items	-135	-119	-503	-418
Loss after financial items	-7 172	-5 157	-42 607	-9 838
Tax on profit of the year				
NET PROFIT/LOSS OF THE PERIOD	-7 172	-5 157	-42 607	-9 838
<u>Other comprehensive income</u>	0	0	0	0
Comprehensive income for the period	-7 172	-5 157	-42 607	-9 838

Consolidated balance sheets

(Amounts in kSEK)	2012	2011	2011	2010
	31 March	3 March	31 Dec	31 Dec
Assets				
Intangible assets	17 153	38 063	18 116	37 656
Tangible assets	2 876	730	815	693
Financial assets	109	109	109	106
Inventories	3 529	2 114	4 031	2 488
Current receivables	7 576	7 196	6 532	7 501
Cash and bank balances	15 811	11 801	24 600	19 376
Total assets	47 054	60 013	54 203	67 820
Equity and liabilities				
Equity	28 706	42 913	36 015	48 117
Long-term liabilities	9 920	8 592	9 859	8 545
Current liabilities	8 428	8 508	8 329	11 158
Total equity and liabilities	47 054	60 013	54 203	67 820
Key ratio				
	2012	2011	2011	2010
	31 March	31 March	31 Dec	31 Dec
Number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares after dilution	17 473 028	13 501 360	16 986 428	13 501 360
Number of outstanding warrants	1 604 208	1 055 269	1 117 608	1 055 269
Equity ratio	61 %	72 %	66 %	71 %
Basic earnings per share (average numbers of shares) (SEK)	-0,50	-0,42	-2,68	-0,80
Diluted earnings per share	-0,45	-0,38	-2,51	-0,73

Equity per share (SEK)	1,77	3,49	2,27	3,91
Diluted equity per share	1,60	3,49	2,12	3,56
Profit margin	Neg.	Neg.	Neg.	Neg.

Segment reporting

Starting on 1 January 2009, the Group has implemented IFRS 8 Operating Segments. The Group Management has analyzed the Group's internal reporting and established that the Group's operations are managed and evaluated based on the following segments:

- **Positioning:** A Laser scanner for positioning of patients during radiation therapy.
- **Imaging:** A detection plate for location of a cancer tumor before treatment. Diode detectors for use in the field of dosimetry
- **Innovation:** A system for external radiation therapy.

(Amounts in kSEK)

	Jan-March 2012	Jan-March 2011	2011	2010
<u>Revenue by segment</u>				
Positioning	1 529	3 387	8 067	9 385
Imaging	998	1 936	6 509	4 850
Innovation	0	333	333	0
	2 527	5 656	14 909	14 235
<u>Gross profit by segment</u>				
Positioning	428	1 012	4 566	5 521
Imaging	544	915	4 777	2 802
Innovation	0	333	333	0
<u>Trade receivables by segment</u>				
Positioning	2 590	4 198	1 851	4 882
Imaging	1 698	541	2 210	952
Innovation	0	0	0	0
<u>Revenue by geographical market</u>				
<u>Sales</u>				
Scandinavia	678	161	3 093	3 821
Europe	998	2 576	9 086	7 934
USA	0	2 244	2 461	255
Asia	851	675	269	2 225
	2 527	5 656	14 909	14 235

Consolidated Cash flow statements

(Amount in kSEK)	2012	2011	2011	2010
	Jan- March	Jan-March	Jan-Dec	Jan-Dec
<u>Operating activities</u>				
Operating profit/loss	-7 038	-5 038	-42 104	-9 420
Adjustments for non-cash items, etc	1 181	1 871	25 583	3 103
Interest received	-	-	-	32
Interest paid	-135	-119	-503	-450
Cash flow from operating activities before working capital changes	-5 991	-3 286	-17 024	-6 735
Working capital changes	-520	-1 972	-3 403	1 721
Cash flow from operating activities	-6 511	-5 259	-20 427	-5 014
Cash flow from investing activities	-2 279	-2 315	-6 078	-9 273
Cash flow from financing activities	0	0	31 729	29 682
Cash flow at end of period	-8 790	- 7 574	5 224	15 395
Cash and cash equivalents at beginning of period	24 600	19 376	19 376	3 981
Cash and cash equivalents at end of period	15 810	11 801	24 600	19 376

Consolidated statements of changes in equity

(Amount in kSEK)	2012	2011	2011	2010
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
At beginning of period	36 015	48 117	-48 117	29 816
New share issue	-	-	32 136	30 187
Issue expenses	-	-	-1 993	-2 117
Dissolved negativ goodwill				
Warrants in C-RAD AB	-	-	184	-
Equity on convertible loan	-61	-47	87	69
Loss for the period	-7 172	-5 157	-42 606	-9 838
Translation gains/losses on consolidation	-76		90	
At end of period	28 706	42 913	36 015	48 117

Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Commission for application in the EU.

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act.

The Group apply the same accounting and valuation principles as in the 2011 annual report.

Financial calendar

Next interim report will be published August 30 2012

This interim report provides a true and fair picture of the business activities, financial position and results of operation of the Group, and describes the significant risks and uncertainties to which the Group is exposed. If there should be deviations between the reports in English and Swedish, the Swedish version is valid. The Swedish report has not been reviewed by the group auditor.

Uppsala, 24 May 2012

Börje Bengtsson

Board Chairman

Erik Hedlund

Managing Director

Board member

Mats Thorén

Board member

Anders Brahme

Board member

Bengt Lind

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